

**V-Financial, LLC.**

*c/o EIF PR Resource Recovery, LLC/Eco-Renovable LLC  
P.O. Box 575  
Gouldsboro, PA 18424*

**Via Electronic Mail**

September 17, 2020

**Ms. Natalie Jaresko**  
Executive Director  
The Financial Oversight and  
Management Board for Puerto Rico  
*natalie.jaresko@promesa.gov*

**Mr. Ralph Kreil Rivera,**  
Board President  
Puerto Rico Electric Power Authority  
*kreil@prepa.com*

Re: Appeal to FOMB and PREPA

Dear Ms. Jaresko and Mr. Kreil:

The FOMB letter dated September 14, 2020 declined our preliminary request not to proceed with the rejection of the Power Purchase and Operating Agreement (“PPOA”) between Energy Answers Arecibo, LLC and PREPA, dated December 4, 2009. It also denied our request for a meeting. Please reconsider this position.

This response letter is addressed to both the Financial Oversight and Management Board for Puerto Rico (FOMB) and to the Puerto Rico Electric Power Authority (PREPA). The reason is because we believe a joint meeting will clarify the issues and demonstrate that our interests are (or should be) aligned. If our meeting is successful, it will clearly serve the legislative intent of PROMESA Title V to expedite Critical Projects, which address emergencies, such as the expected serious environmental and health crisis, which Puerto Rico faces if remediation initiatives such as our WTE Project continue to be delayed. The recognition that our interests are aligned will also preempt formal appeal processes, a series of judicial reviews, adjudications, and the need for Project Lender recoveries.

The FOMB letter presents three reasons for rejecting the PPOA.

- The first is that construction of the project has not commenced in more than 10 years since the PPOA was issued. Please note that within six months of executing the first amendment to the PPOA (June 14, 2017), the following were completed: Federal Permits/approvals (EPA, COE, FEMA), local environmental permits/approvals and

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completion of the siting process, local air, solid waste and water permits, host community agreements, waste services/fuel supply agreements, fixed price construction/operating contracts, etc. In January of 2018 (about four months after Hurricane Maria and six months after the first PPOA amendment), the Governor of Puerto Rico without warning “retired the administration endorsement of the project” and it was removed from the PREPA Integrated Resource Plan. We believe that an independent review of the facts will conclude that this was wrongful interference and the main reason the project did not commence construction.

- The second reason presented in the FOMB letter is that the eventual cost of the energy produced by this project will be significantly higher than the current market pricing for renewable energy, as determined by PREPA’s Governing Board. This is not accurate. We have explicitly requested the Puerto Rico Energy Bureau in our September 11, 2020 Motion to conduct an assessment for including our project in the Preferred Resource Plan. Pursuant to their regulations for the PREPA Integrated Resource Plan, the selection criteria for the Preferred Resource Plan should include environmental impacts and if these environmental factors are associated with quantifiable costs, these costs shall also be included in the calculation of the present value of revenue calculation. We are confident that such an independent assessment will conclude our project meets the criteria for inclusion in the Preferred Resource Plan. In addition, our plan is to integrate the facility output with a renewable energy micro-grid for the region, which further enhances the attractiveness of the project.
- The third reason in the FOMB letter is that waste-to-energy projects no longer qualify as renewable energy resources pursuant to Section 1.4 of Act 82-2010, as amended by Act 17-2019. This is not an issue. The Puerto Rico Energy Public Policy Act (Act 17-2019) does not prohibit waste to energy projects. In fact, our Project, which utilizes the Best Available Control Technology as defined by the US EPA, introduces a Materials Separation Plan (MSP) which is consistent with the public policy goal of 35% reduction and recycling, plus an 80% volume reduction of the waste that must be landfilled. Also, our project is Refuse Derived Fuel Waste to Energy, which separates out and recycles non-combustibles. Our project can also be structured to meet the definition of “Energía Renovable Sostenible” contained in Article 4.1 of Act 17-2019 since it will derive the energy from the combustion of renewable biomass. In any case, it is currently structured to meet the public health needs and the requirements of the Act, which calls for an orderly and gradually transitions while safeguarding the stability of the Electrical System.

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Finally, we would like the FOMB and PREPA to consider that the PPOA was entered into in good faith. We are the collateral agent for the Project Lender (EIF PR Resource Recovery, LLC). Article 20.2 sub-paragraph (f) of the PPOA indicates that if the project is terminated or rejected prior to the expiration of the Term, including pursuant to any bankruptcy law, then PREPA will enter into a new PPOA with the Project Lender. If PREPA elects at a future date not to execute the new PPOA with the Project Lender, this would create a new liability for PREPA of the currently outstanding loan amount (\$74,347,000 for principal and interest) plus potential recovery for any past wrongful actions.

The Arecibo Refuse Derived Fuel Waste to Energy Project is needed for the health and wellbeing of the residents of Puerto Rico. But we need your help to reach an agreement on how to move forward in a fair and equitable plan, which aligns our interests.

Sincerely,

*Frank Vasquez*

Frank Vasquez  
1 (570) 407-0226

Cc: Omar J. Marrero, PR AAFAF Executive Director  
Efran Paredes Maisonet, PREPA Executive Director  
Edison Avilés Deliz, PR Energy Bureau Chairman  
Vanessa I. Acarón Toro, PR Energy Bureau Director, Office of Planning & Engineering